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DE RUEHBK #3623 1800919

ZNR UUUUU ZZH

R 290919Z JUN 07

FM AMEMBASSY BANGKOK

TO RUEHC/SECSTATE WASHDC 8008

INFO RUCNASE/ASEAN MEMBER COLLECTIVE

UNCLAS BANGKOK 003623

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E.O. 12958: N/A

TAGS: ECON TH

SUBJECT: THE END OF CEO BUDGETS: AN EXAMPLE OF POST-COUP RECENTRALIZATION

¶1. Summary: The Thaksin-era CEO budget program provided Thailand with a limited degree of budgetary decentralization.

By providing provincial-level officials discretion to allocate a portion of development funds the program helped strengthen the provincial governors and contributed to moving decision making out of Bangkok. With the end of the program following the September 2006 coup, the authority of the central government in Bangkok has been reasserted, perhaps stronger than ever. End summary.

¶2. As part of a broader effort to empower provincial governors, the Thaksin administration introduced the 'CEO budget' program, setting aside roughly 10 percent of the national development budget to be allocated by provincial level authorities. Under the program a general meeting of provincial authorities, including local members of parliament, would propose a range of programs in support of the provincial development plan for funding. The proposals usually involved projects included in the development plan, but could include new ideas as well. The list would be reviewed by a selection board composed of the provincial governor, the vice governor, and the chiefs of the various agencies operating in the province (about 20 officials including finance, agriculture, labor, education and police), which would consider whether the proposals matched the provincial priorities for the development plan and decide on which projects to fund. Examples of funded projects included programs for poverty reduction, education, SME support, canal digging, road construction, erosion control and tourism promotion.

¶3. The amount of decentralization involved in the CEO budget program should not be overstated. The budget available was limited, the projects considered had to follow the centrally approved development plan, and the selection board members were themselves representatives of central government ministries. The provincial governors themselves are appointed by the Ministry of Interior for 2-3 year terms. The program nevertheless is believed by some to have increased respect for the governors from officials from other agencies who report to their parent ministries in Bangkok and typically pay little regard for the governor. Much of the success or failure of the program ultimately depended on the personal quality of the governor. The program also served as a vehicle for local MPs to promote pet projects (and dispense pork), replacing the 'MP's development fund' that had existed previously. Indeed, in practice roughly half of the projects funded under the program were proposals from Bangkok politicians. The program also increased the ability of local authorities to determine priorities within the development plan.

¶4. The demise of the CEO budget program with the September 2007 coup is unlikely to have any significant effect on provincial development or infrastructure funding. Local road maintenance, for example, had always been the responsibility of the tambon (local), not the provincial, administration,

and construction and maintenance of main highways was the responsibility of the National Highway Department. The development funds lost with the elimination of the CEO budget are expected to be made up by increases in funding received through ministerial channels.

¶15. The main effect of the elimination of the CEO budget program is that now all decisions on funding allocations will be made at the central level, and will be viewed through the prism of individual ministries, not the multi-disciplinary provincial boards. This reasserts the traditional dominance of the central government in Thailand. Indeed, with the MP's development fund having been superseded by the CEO budget program, the end of that initiative tends to make the central bureaucracy even more powerful than before.

¶16. Comment. The CEO budget program represented another way in which the Thaksin regime sought to promote the economic empowerment of the regions outside of Bangkok. For all the hoopla, the impact of the program was limited, varied according to the personnel involved, and even drew criticism for its appropriateness. The end of the program is unlikely to have any profound effect, or even be noticed by most, but it provides another example of the reassertion of traditional authority from the center that is characteristic of much of Thailand's modern history.

BOYCE